

Impact of the new photovoltaic regulation in France on Global EcoPower

By decree of March 5th 2011, the French Government published the new rules for photovoltaic technology in France. The new regulation foresees a substantial decrease of the tariffs for smaller projects under 100 kW and the organization of tender calls for projects above 100 kW, starting this summer. Outside tender calls, the tariff for projects above 100 kW will only be 12€/kWh which is not viable for GEP. To date, details concerning how the future tender calls will be organized have not been given.

Since September 2008, GEP has secured the land for the development of 30 photovoltaic projects in France representing a potential installed capacity of 187 MWp.

All these projects, a mix of ground or greenhouse rooftop locations, are projects above the new limit of 100 kW. Accordingly, it is impossible today to predict if GEP projects will be selected in the future tender calls and what will be the tariff conditions.

Other consequences:

- The partnership agreement with T Solar (January 27th, 2010 press release) is no longer viable under the terms of the new decree and the two groups have decided by mutual agreement to dissolve the joint venture T SEP with immediate effect.
- The co-development agreement with a top European utility (May 26th, 2010 press release) is temporarily suspended pending greater clarity on the tender calls.
- The project for greenhouse rooftop constructions for an installed capacity of 1.89 Mwp in Salon de Provence is similarly temporarily suspended as a result of the moratorium (press release June 23rd, 2010).

Fortunately, the two projects sold to Leonidas late 2010 (December 4th, 2010 press release) are not affected by this regulatory change since the permissions were obtained before the implementation of the moratorium in December 2010. The project of Marottières in Maine and Loire for 3.34 Mwp (photovoltaic greenhouses) will be delivered in August 2011, and the project of Veules in Seine Maritime for 5.5 Mwp (ground mounted) in October 2011.

To recapitulate, the turnover generated by these two projects amounted to 32 m€, most of it being booked in the fiscal year 2011.

The margin on these two operations will allow GEP to prepare the tender calls for projects above 100 kW. However, from now on, any participant will be required to provide a bank statement or loan acceptance to demonstrate the economic feasibility of the project. The sector will thus become more professional, avoiding blockages in the waiting list due to projects being subsequently abandoned.

As concerns the company's position in this sector, GEP is now recognized as a turnkey constructor, rather than a pure developer, which undoubtedly equates to a valuable asset offsetting the uncertainty created in this period by changes in the tariff structure.



GEP plans to use its know-how as a developer / constructor beyond the French borders by the end of the year. Moreover, from the fourth quarter of 2011, GEP will start to look into wind projects, a sector in which the management has a considerable experience, and thus provide a more diverse product portfolio.

Philippe Perret, EVP of Global EcoPower :

" We can only regret that the French government chose to slow down the French photovoltaic sector at a time when the world realizes that renewable energies are the only clean solution to complete and totally secure an energy mix. The Japanese drama has unfortunately reminded us that zero risk does not exist in the nuclear solution, whilst fossil energies pollute and are becoming scarce. GEP is well positioned to plug the gaps through the use of clean technologies".

Global EcoPower:

The French group is a promising player in the renewable energy sector, specialized today in the development, construction and operation of solar power plants in France. The group is currently studying several growth opportunities in Europe.

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